

Message Text

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PAGE 01 GUATEM 05548 211746Z

61

ACTION COME-00

INFO OCT-01 ARA-16 ISO-00 EB-11 CIAE-00 INR-10 NSAE-00

RSC-01 DRC-01 TRSE-00 OMB-01 /041 W

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R 211642Z NOV 73

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 1332

UNCLAS GUATEMALA 5548

FOR COMMERCE

E.O. 11652: N/A

TAGS: ETRD, GT

SUBJECT: POSSIBLE LOSS OF \$83,000 SALE TO GERMANS.

1. FRED VALENZUELA OF EQUIPOS MECANICOS, LOCAL REP OF AMERICAN HOIST INT'L. CORP, TOLD COMATT THAT LATTER IN DANGER LOSING \$83,000 SALE OF EQUIPMENT TO GUATEMALAN FIRM INGENIEROS MAYORGA Y TEJADA TO GERMAN COMPETITION BECAUSE OF FCIA REQUIREMENT OF LOCAL BANK GUARANTEE PRIOR GRANTING CREDIT INSURANCE. FYI GUARANTEE THIS TYPE DIFFICULT OBTAIN HERE BECAUSE IT COUNTS AGAINST A BANK'S LENDING CEILING THE SAME AS DOES ACTUAL LOAN OF SAME VALUE. IN LOAN CASE BANK PROFIT MUCH GREATER WITH NO CHANGE IN RISK. GIVEN OVER LIQUID SITUATION OF GUATEMALAN BANKING SYSTEM AND BOOMING ECONOMY LOCAL BANKS BASICALLY INTERESTED ONLY IN EXTENDING LOANS AND NOT GUARANTEES.

2. ACCORDING TO VALENZUELA FCIA TURNED DOWN OFFER OF SIGNATURE GUARANTEE OF INGENIEROS MAYORGA Y TEJADA PARTNERS. FYI THIS ONE OF LARGEST CONTRACTORS IN GUATEMALA AND CURRENTLY HAVE \$2 MILLION CONTRACT WITH HIGHWAY BUREAU FOR WHICH IT HAD TO PUT UP \$2 MILLION BOND THAT HAS EFFECTIVELY USED UP ITS LOCAL CREDIT AVAILABILITY.

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PAGE 02 GUATEM 05548 211746Z

3. INGENIEROS MAYORGA Y TEJADA ALLEGEDLY NEED QUIPMENT BY MID-DECEMBER AND AMERICAN HOIST IN POSITION MEET THIS DEADLINE. VALENZUELA STATED HE PREPARED EXTEND TO FCIA HIS COMPANY'S GUARANTEE FOR SUBJECT SALE. HE ADDED THAT UNLESS FCIA CREDIT INSURANCE GRANTED SALE WILL BE LOST TO GERMAN COMPANY.

4. PLEASE ADVISE STATUS FCIA ACTION ON THIS CASE.
DREYFUSS

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Message Attributes

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Disposition Event:
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